

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 7598**

**BILL NUMBER:** HB 1779

**DATE PREPARED:** Jan 3, 2001

**BILL AMENDED:**

**SUBJECT:** Small Business Utility Advocate.

**FISCAL ANALYST:** John Parkey

**PHONE NUMBER:** 232-9854

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill creates the Office of the Small Business Utility Advocate and provides that the Governor shall appoint the Small Business Utility Advocate for a term of four years. It provides that the Small Business Utility Advocate is responsible for the following:

- (1) Representing the interests of small business utility customers in Indiana;
- (2) educating small business utility customers about the functions and duties of the Small Business Utility Advocate;
- (3) soliciting the opinions, comments, and needs of small business utility customers;
- (4) educating small business utility customers about utility conservation matters;
- (5) notifying small business utility customers about proceedings affecting or potentially affecting small business utility customers;
- (6) annually reporting findings or recommendations for legislative or administrative action to the governor, the General Assembly, and the Indiana Utility Regulatory Commission; and
- (7) maintaining a telephone hotline for inquiries, comments, and suggestions from small business utility customers.

**Effective Date:** July 1, 2000.

**Explanation of State Expenditures:** This bill would create the Office of the Small Business Utility Advocate. This office would represent, protect, and educate small business utility customers. According to a 1997 survey, there were approximately 120,000 businesses in Indiana with fewer than 500 employees. Based on the definition of small business provided in this bill, the number of utility customers that would be served by the Office of the Small Business Utility Advocate would likely be fewer than this amount. This proposal is not expected to impact the workload of the existing Office of the Utility Consumer Counselor (OUCC).

The bill provides that the Governor would appoint a practicing attorney to be the Small Business Utility Advocate (the OUCC may advise the governor on this appointment). Upon approval of the OUCC, the Governor, and the State Budget Agency, the Small Business Utility Advocate (SBUA) may hire accountants, utility economists, engineers, attorneys, stenographers, or other necessary assistants to carry out the duties of the Office. The salaries of the SBUA and the regular staff of the office would be paid through an appropriation made by the General Assembly or through a \$250,000 contingency fund which is maintained through revenue from the Public Utility Fee. Expenses of the regular staff would be charged to and paid from this contingency fund.

The bill allows the SBUA, (with the approval of the OUCC, the Governor, and the Budget Agency), to employ temporary personnel for specific cases or investigations. The compensation and costs of travel for any temporary staff would be paid from the OUCC's Expert Witness Fee Account or from the \$250,000 contingency fund (upon approval of the Governor and the Budget Agency). \$736,250 has been appropriated to the OUCC for expert witness fees in FY 2001, the first potential year of impact for this proposal.

The bill also provides that the SBUA must maintain a toll-free hotline for small businesses with utility-related concerns. The OUCC reports that its annual costs for maintaining a similar hotline for consumers are approximately \$2,000. The SBUA would also be required to use the Access Indiana system to make publications and other information available on the Internet. Before November 1 of each year, the SBUA would report findings and suggestions for legislation to the Governor, the General Assembly, and the Indiana Utility Regulatory Commission.

This bill does not contain a specific appropriation. Illinois passed similar legislation establishing a Small Business Utility Advocate in 1984, however, this position is not currently funded. In past years, the Advocate in Illinois has had only an administrative assistant to help in carrying out the duties of the office. In Pennsylvania, the Office of the Small Business Advocate has similar responsibilities to those of the SBUA provided for in this bill. The Pennsylvania Office of the Small Business Advocate was established in 1988 and currently has a staff of eight: the Small Business Advocate and four assistants (all attorneys), an administrative officer/legal assistant, and two secretaries. The budget authorization for the Office of the Small Business Advocate in Pennsylvania was \$1.2 M in FY 1999.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of the Utility Consumer Counselor.

**Local Agencies Affected:**

**Information Sources:** Anthony Dzwonar, External Affairs Director, OUCC, (317) 232-2494; State Budget Agency; Small Business Administration, Office of Advocacy; Bernie Ryan, Pennsylvania Small Business Advocate, (717) 783-2525; Mark Grant, Illinois Commerce Commission, (217) 785-6190.